

ICPS newsletter

A Stable Europe Is Not Possible Without Stability in Ukraine

The future of Great Europe depends on the development of relations between its western and eastern parts. Ukraine is a pillar of Central and Eastern Europe. And it is Ukraine that the future depends on.

Michel Fucher, Adviser to the Minister for Foreign Relations, France.

Ukraine is a key player in the creation of a new architecture for the European security framework. This was the main idea at the international conference «Ukraine, Great Europe and Euro-Atlantic Security: Issues of the XXI Century» held in Paris on 1–2 March 1999. The conference was co-sponsored by the International Centre for Policy Studies, the French Institute for International Relations and RAND of the USA.

Ukraine Needs Internal Reforms And External Aid To Fulfil Her European Integration Ambitions

Despite rather diversified foreign policy, Ukraine's integration into European and Euro-Atlantic structures is its dominant theme. Ukrainian leaders are capable of successfully advancing this country towards Europe, considers First Deputy Foreign Minister of Ukraine Evhen Bersheda. The European structures' accession strategy is built around the desire for Ukraine to join the union of democratic states, though realising Ukraine's European choice can be very difficult without support from the European Union.

Kyiv is continuously carrying out the policy aimed toward integrating into European and Euro-Atlantic structures, and nobody can dismiss the possibility that Ukraine will gain full membership with these institutions. At the same time, this policy does not contradict the development of a partnership with Russia. These two directions are self-sufficient, says Andriy Fialko, Deputy Head of the Foreign Policy Directorate

of the Administration of the President of Ukraine.

As representatives of the Ukrainian government put it, another priority of Ukraine's foreign policy is to intensify relations with countries of Central and Eastern Europe (first of all with Poland). Though today, the price to be paid by these states to integrate into the European Union and NATO leaves Ukraine beyond integration.

But closer relations between Ukraine and the European Union will have positive results. Ukraine will benefit from the neighbouring developed economy, says Pzcmislav Grudzinsky, Deputy Foreign Minister of Poland. The best way for Ukraine to avoid negative consequences from Poland's accession to the European Union is to create a co-operation framework between the two countries which will transform into an efficient co-operation system between Ukraine and the European Union after Poland joins the Union. The stability in Europe and its Central and Eastern part depends crucially on Ukraine. Strong, independent and democratic Ukraine will become a stability factor for European security.

Conference participants emphasised the progress achieved by Ukraine in the field of the European integration. John Tedstrom of RAND mentioned political stability in Ukraine and her role in supporting European security. Foreign Policy Adviser to the European Commission Fraser Cameron was more reserved when mentioning the importance of internal reforms in Ukraine. Mr. Cameron said that though Ukraine had achieved substantial progress in reforms, such problems as developing a market economy and democracy (according to a report by the Council of Europe), freedom of mass-media and border control still cause the European Union to maintain a cautious attitude towards Ukraine.

At the same time, it is absolutely clear that Ukraine is a large part of Europe. Mr. Robert Hunter, former U.S. Ambassador to NATO emphasised the strategic importance of Ukraine's position in Europe and suggested that the European Union and NATO develop a joint strategy towards Ukraine. Formulating this strategy becomes rather difficult today because the European Union and NATO exist as two separate planets, their activities lacking co-ordination.

The Development Of Former Socialist States Will Influence The European Security System

The future of the European security system was touched upon in a speech

presented by Mr. Zbigniew Brzezinski, former National Security Advisor to the President of the United States. He tried to answer three questions of utmost importance from his point of view: (1) Will the U.S. remain a European power? (2) Will the European Union become a European power? (3) Will Russia accommodate itself to the reality of the EU power? The answer to all of these questions was 'yes'.

First, U.S. presence in Europe will insure stability on the European continent. Second, Europe will become more and more powerful as its integration deepens. Third, Russia will adapt to the new reality because the geo-political situation has changed over the past years. The emergence of new independent states, formation of national elite in each of them, strengthening of China — all of these factors will considerably influence Russia's foreign policy in the future, forcing

Moscow to accept the new reality.

In the future Russia and Ukraine may become members of the European Union, thinks Thiere de Montbrial, Director of the French Institute of International Relations. After the NATO transformation, which is vitally important for existence of the Alliance, Russia may become a member.

Nikolai Afanasievsky, Ambassador of Russia to France, further developed the subject of Russia's participation in European and Euro-Atlantic structures. Despite a recent statement by Russian Foreign Minister Ihor Ivanov that Russia has no intentions of becoming a member to the European Union, Mr. Afanasievsky said he could not imagine Russia's future outside Great Europe and did not dismiss the possibility of Russia's accession into the European Union and NATO.

The Conference proved that Ukraine needed support from the European Union and its member states to realise her European choice. And the very organisation of an international conference in Paris which was devoted to Ukraine shows real changes in this direction.

At the end of the Conference, participants once again emphasised the importance of closer co-operation between Ukraine and European and Euro-Atlantic structures. The following steps are designed to strengthen this co-operation in 1999: reciprocal visits by experts and organisation of a conference on Ukrainian-French bilateral relations and security in the Mediterranean region.

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State Regulation Can Be Cheap for Businesses

«Very expensive and very unpredictable». These were the very words used by Deputy Director of the International Centre for Policy Studies and Head of the Regulatory Reform Programme Andriy Palianytsia when he characterised the Ukrainian business environment at a round table discussion entitled «Ways of Survival for Ukrainian Enterprises in 1999». Andriy Palianytsia presented two approaches for executing regulatory reform to improve the business environment.

The first approach encompasses quickly adopting deregulatory decisions in one package and simultaneously executing administrative reform. These steps require tough decisions (primarily by the legislature) which are highly dependent upon strong political will.

The second approach does not require any political will at the highest level of society, but provides for improving the state regulatory system through changing administrative regulatory procedures within the executive branch. Simultaneously, all existing and proposed regulations are revised using the cost-benefit analysis, which evaluates the opportunity cost of any decision for businesses and the national economy.

Andriy Palianytsia maintains that effective fulfilment of the second approach depends upon the following essential prerequisites:

- 1) Timely prioritise regulatory procedures for revision. Supervision must be conducted through feedback: priorities for deregulation can be established by the entrepreneurs themselves who know true opportunity costs of regulations;
- 2) Transfer responsibilities for effective regulations onto the heads of ministries and state agencies: these people must prove the necessity of these regulations;
- 3) Emphasise regulatory reform in regions, at the level of local powers.

Mrs. Alexandra Kuzhel, Head of the State Committee on Entrepreneurship emphasised that deregulation was a process of introducing cost-effective regulations in this country. When quoting an instance of a strong correlation between the cost of fulfilment of administrative requirements and economic development, she referred to the Chernihiv oblast. In this region, the local government fiercely opposed the nomination of a state commissioner for entrepreneurship, though the government itself had been criticised by the Cabinet of Ministers of Ukraine for low tax revenues. «Everything is suppressed there,» — said Mrs. Kuzhel, meaning that no business activity was possible in the region.

Thursday, 4 March 1999. Round table at the representative office of the World Bank in Kyiv. Subject of discussion: «Ways of Survival for Ukrainian Enterprises in 1999».

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